

STRATEGIC PETROLEUM RESERVE PROJECT MANAGEMENT OFFICE
U.S. DEPARTMENT OF ENERGY

WORK AUTHORIZATION DIRECTIVE


TO

DynMcDermott Petroleum Operations Company

Management and Operating (M&O) Contractor for the
U.S. Department of Energy Strategic Petroleum Reserve

1. TITLE: Special Projects - Bayou Choctaw Cavern 20 Replacement
2. WORK AUTHORIZATION NO.: 2011-1.N 3. REVISION: 0
4. RESOURCE REQUIREMENTS: 5. PERFORMANCE PERIOD
FROM 10/01/10 TO 09/30/11
- ESTIMATED COSTS: \$13,587,763

6. DESIGNATED OFFICIAL: 
William C. Gibson, Jr.
Project Manager

7. DOE CONTRACTING OFFICER: 
Kelly M. Gele

09/14/10
Issue Date

M&O CONTRACTOR FOR STRATEGIC PETROLEUM RESERVE

Work Authorization Directive

Bayou Choctaw Cavern 20 (BC-20) Replacement

I. DESCRIPTION OF WORK

The BC-20 Replacement WAD provides for the management, implementation, support, and/or execution of those activities leading up to and including acquiring BC-102 Cavern and incorporating into the Department of Energy (DOE) Bayou Choctaw site.

A. Planning

DynMcDermott Petroleum Operations Company (DM) is responsible for the effective management and integration of all activities of the assigned BC-102 Mechanical Integration task. This will require the development of the appropriate documents such as budget and cost estimates, and project schedules.

DM shall ensure all Strategic Petroleum Reserve (SPR)-required Environmental, Safety, and Health (ES&H) requirements are identified and included in technical description of assigned tasks for the BC-20 Replacement project. DM is responsible for implementing, integrating, coordinating, and reporting the status of all tasks and activities to DOE. DM shall manage the assigned BC-20 Replacement task to assure their timely completion and shall initiate, with DOE approval, timely and appropriate actions to keep the tasks on schedule. DM shall document work progress and actions taken to regain schedule. DM shall implement a Quality Program which effectively ensures that the assigned tasks are accomplished in accordance with the contract requirements. DM's respective field organization shall directly manage the assigned activities which include oversight of the contractor quality programs to ensure compliance with the contract requirements as well as oversight of the contractors' safety programs to ensure compliance with 29 Code of Federal Regulation 1926 and SPR safety and health requirements. The staff

responsible for safety oversight must be knowledgeable of DOE and Occupational Safety and Health Administration standards.

The Management and Operating (M&O) Contractor shall perform the following activities:

1. Serve as Project Integrator to ensure that all M&O functions are coordinated to successfully complete the BC-20 Replacement project.
2. Conform to the funding and scheduling approved by the DOE in its fiscal year funding guidance and approved project authorization.
3. Provide Project Schedules and associated updates, including analysis.
4. Provide cost estimates and budget development support.
5. Management of projects assigned to DM to include:
 - a. Contractor Surveillance.
 - b. Inspection.
 - c. Safety Inspection.
 - d. Control Contract changes.
 - e. Ensure construction is accomplished on schedule and in accordance with approved statements of work.
 - f. Pre-bid site visits and Pre-Construction Meetings.
 - g. Project Status.
 - h. Cost Control Reports via Cost Construction Tracking Application (CCTA).
6. Provide all services to design and construct new cavern re-entry well at Cavern 102. Also provide inspection and workover of existing BC-102 well.

The following projects are authorized for FY 2011:

<u>Tasks</u>	<u>Estimate (\$000)</u>
BC-102 Acquisition and Incorporation BC-SP-760	
Cavern/Well Long Lead Equipment (GFE)	\$3,064,000
Drilling/Well Construction	8,685,000
M&O contractor Support	<u>1,838,763</u>
Total	\$13,587,763

II. DELIVERABLES

Deliverables for projects assigned to DM include the following:

Deliverables (E = Electronic via a Link to a
Document Management System, H = Hardcopy)

Due

- | | |
|---|--|
| 1. Project Status Report (includes cost and schedule status, safety performances, etc.) (E) | As required at each Project Review |
| 2. Weekly Site-Specific Report listing status, concerns, problems, and proposed resolutions of problem areas, as required (E) | 9 a.m., First Working Day of the Week, as required |
| 3. Latest Revised Estimate (LRE) via CCTA (E) | Update Electronically and Present at each Project Review (as needed) |
| 4. Interface Meeting Minutes (E) | As Required |

III. PERFORMANCE MEASURES

See Attachment.

WAD NUMBER: 2011-1.N

PERFORMANCE AREA: Bayou Choctaw Cavern 20 Replacement

FISCAL YEAR: 2011

CRITERIA	PERFORMANCE MEASURE	FY 2011 OUTPUT	
		MINIMUM	TARGET
1. Bayou Choctaw Cavern 20 Replacement Ensure effective execution of the acquisition of Bayou Choctaw Cavern 102 and integration into the Bayou Choctaw site.	a. Percent of all BC Cavern 20 Replacement project Level 1, 2, and 3 milestones for FY 2011 completed on or before approved milestone date(s) as defined by applicable milestone dictionaries.	a. 100% of all Level 1 and 2 milestones completed by the scheduled date, and 90% of all Level 3 milestones completed within 30 days of the scheduled date	a. 100% of all Level 1 and 2 milestones completed by the scheduled date, and 95% of all Level 3 milestones completed within 30 days of the scheduled date
	b. Conduct DOE internal survey to measure the contractor's performance in fulfilling the requirements of this objective. Results will be quarterly for PEC reporting purposes; however, the Execution Target will be the average of the four quarters surveyed.	b. $\geq 75\%$	b. $\geq 85\%$